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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**BEFORE THE FEDERAL-STATE  
JOINT BOARD ON UNIVERSAL SERVICE****OUTLINE OF TESTIMONY BY DAVE ECRET, SPECIAL  
ASSISTANT FOR TELECOMMUNICATIONS AND  
UTILITIES TO THE GOVERNOR OF THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS**

(September 13, 1996)

**I. INTRODUCTION/BACKGROUND**

- **Relationship with U.S.**--Like Puerto Rico, the CNMI is a U.S. commonwealth.
  - \* The CNMI is a self-governing commonwealth in political union with and under the sovereignty of the United States.
  - \* The CNMI officially became a U.S. commonwealth in 1986, when a presidential decree terminated the Trust Territory of the Pacific Islands as it concerned the CNMI.
  - \* Citizens of the CNMI are U.S. citizens. Subject to certain exceptions, U.S. federal law applies to the CNMI.
- **Geography and Location**--The CNMI consists of 14 islands located in the North Pacific Ocean, approximately 3,300 miles west of Honolulu, 1,200 miles southwest of Tokyo and 50 miles north of the Territory of Guam.
  - \* The CNMI is one of the westernmost points in the U.S. and offers an important strategic presence in the Pacific Rim.
- **Population**--The CNMI's population in 1995 was approximately 58,846 persons. U.S. Department of the Interior, A Report on the State of the Islands, at 30 (1996). During that same year, 654,400 tourists entered the CNMI. Id. at 32.
- **Income Level**--The average per capita income in the CNMI was only \$6,984 in 1995, which ranked it 53rd among the 54 U.S. states and territories. William H. Stewart, "A Demographic and Geographic Profile of the Commonwealth of the Northern Mariana Islands," at 1 (1996).

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- \* 32.1 percent of all families within the CNMI lived under the U.S. poverty level in 1995. Id.
  - \* The unemployment rate was 7.1 percent in 1995. Id.
  - Subscribership Level--According to preliminary figures from the 1995 census, only 7,442 out of 12,066 households -- or 61.2% -- had access to telephones. "A Demographic and Geographic Profile of the Commonwealth of the Northern Mariana Islands" (William H. Stewart, CNMI Department of Commerce).
  - Importance of Telecommunications--Since travel to and from the Commonwealth is both time-consuming and expensive, and since mail and package delivery services are slowed by the distance they must travel, the CNMI consequently relies on telecommunications services as its single means of immediate, reliable contact with the mainland U.S. and other world points. This uniquely underscores the importance of affordable telecommunications to the CNMI.
- II. SUMMARY OF THE CNMI POSITION IN CC DOCKET NO. 96-45**
- "Affordable" Telecommunications Services Are Not Currently Available Within the Commonwealth.
    - \* Telecommunications costs in the CNMI are among the highest in the country. For example, carrier access charges in the Commonwealth are 7.66 times higher than even those charged in Alaska, and appear to be the highest in the nation.
    - \* As stated above, the CNMI also has the second lowest per capita income of any U.S. state or territory (\$6,984 in 1995).
    - \* As stated above, the CNMI's subscribership rate of only 61.2% clearly demonstrates that affordable telecommunications services are not available in the Commonwealth.
  - The CNMI believes that both the special services which it specified in its Comments and the "core" telecommunications services identified in the Commission's Notice of Proposed Rulemaking should receive universal service support. The special services that the CNMI has identified include the following:

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- \* Toll-free access to 800 services. CNMI callers must currently pay the international portion of connections to U.S. numbers that are ostensibly "toll-free."
- \* Access to on-line information services, including Internet services.
- "Affordability" must be determined from the viewpoint of consumers, taking into effect both per capita income levels and existing telecommunications cost levels.
- Both residential and business services should receive universal service support.
- The universal service subsidy should be calculated in a nondiscriminatory manner.

### III. SCHOOLS, LIBRARIES AND HEALTH CARE PROVIDERS

#### BACKGROUND:

- Schools--There are 25 schools in the CNMI, 13 of which are public and 12 of which are private. The total student enrollment in the CNMI during the 1995-96 school year was 11,198 students. U.S. Department of the Interior, A Report on the State of the Islands, 41 (1996).
  - \* This number has risen by 2,000 since the 1990-91 school year, and is expected to continue to rise sharply as a result of the soaring birthrate. Id.
  - \* While many of the CNMI's schools have computers, Internet access is not available at most locations. Schools that wish to have Internet access must currently pay \$42.00 per month for each telephone line, \$29.00 per month for Internet access, and \$3.00 per hour of use. Such high costs are a barrier to widespread use of the Internet by students or administrators. Memorandum from Michael Condon to Dave Ecret, "The Joeten-Kiyu Public Library Information Technology Center: Internet Connection Overview," Sept. 6, 1996.
- Libraries--The Joeten-Kiyu Public Library Information Center, which opened in January of 1996, currently serves as an electronic telecommunications hub within the CNMI. The library offers 5 Internet access terminals, over which library patrons have conducted 4,940 Internet sessions (including e-mail access) over the last six months. The cost for

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these on-line services alone was \$7,064. The Joeten-Kiyu library anticipates that demand for on-line services will continue to increase, but the combined cost of the additional computer equipment and monthly interconnection costs are a steep barrier to expansion. Id.

- Health Care Providers—The Department of Public Health is the sole provider of comprehensive health care in the CNMI, although there are several small, private medical and dental clinics on the island of Saipan. The Department of Public Health operates three facilities: the Commonwealth Health Center on Saipan, the Tinian Health Center and the Rota Health Center. U.S. Department of the Interior, A Report on the State of the Islands, at 42-43 (1996).

- \* The resources of the CNMI's health system have been severely strained by the recent influx of immigrants and non-resident workers. Id.
- \* The Department of Public Health reports that it has over 4,000 patients a month, which demonstrates the strain under which the CNMI's health care delivery system is operating. Id.
- \* While the CNMI receives a combination of grants and financial aid from sources in the U.S., its limited resources are pressed by increasing demands and costs. Id.

## POSITION OF THE CNMI:

- The CNMI generally favors special support for schools, libraries, and health care facilities in the CNMI pursuant to Section 254(c)(3) and 254(h) of the 1996 Act.
  - \* Schools and libraries in the CNMI require access to advanced telecommunications/information services, something they currently lack. In some cases, access to current teaching information or library materials cannot be obtained in the CNMI, and, therefore, must be obtained off-island. Such access would be facilitated by affording access to information services such as the Internet as well as true toll-free access to 800 services.
  - \* Health care facilities similarly require access to advanced telecommunications/information services. CNMI residents are commonly forced to travel at great expense to more advanced health care facilities in Hawaii or the U.S. mainland for treatment. Affordable access to on-line telemedicine

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information services as well as access to true toll-free 800 calling could help alleviate this widespread problem.

- \* Section 254(h)(1)(A) limits discounted services to health care facilities in "rural areas." The FCC should ensure that all of the CNMI is classified as a "rural area" for purposes of this provision.